

Message Text

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ACTION SS-25

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C O N F I D E N T I A L LA PAZ 1198

EXDIS

E.O. 11652: GDS
TAGS: PFOR, MILI, BL
SUBJECT: REPORTED VIEWS OF PRESIDENT BANZER ON WAR FEARS
AND BOLIVIAN ARMS BUILD-UP

1. A RELIABLE SOURCE HIGH IN THE BOLIVIAN GOVERNMENT VOLUNTEERED TO ME ON FEBRUARY 11 THAT HE HAD BEEN IN A LENGTHY AND RELAXED PRIVATE CONVERSATION WITH PRESIDENT BANZER ON FEBRUARY 9 AT WHICH TIME THE PRESIDENT ARTICULATED HIS GREAT CONCERN ABOUT POSSIBILITY OF ARMED CONFLICT IN THE SOUTHERN CONE AND THE CONTINUED ARMS BUILD UP IN THIS AREA. THE PRESIDENT INDICATED THAT HE HAS JUST ABOUT CONCLUDED TO FINANCE THE BOLIVIAN NATIONAL DEFENSE FUND WITH DOLS 200 MILLION FOR ARMS PURCHASES TO BE DERIVED FROM VOLUNTARY CONTRIBUTIONS OF THE ARMED FORCES, A FIVE PERCENT SURTAX ON BUSINESS PROFITS, AND BORROWING FROM ABROAD. WHILE RECOGNIZING THAT THE EXPENDITURE OF DOLS 200 MILLION WOULD BE AN EXTRAORDINARY OUTLAY, THE PRESIDENT REPORTEDLY SAID THAT HE FEELS THAT HE HAS NO OTHER RECOURSE. THE PRESIDENT ALSO INDICATED THAT HE HAS REACHED AN AGREEMENT WITH VENEZUELA FOR "VENEZUELAN AIR OPERATIONS" TO BE CONDUCTED IN BOLIVIA AS A FAVORABLE DEMONSTRATION OF GOV SUPPORT. REPORTEDLY BANZER ALSO CONCLUDED THAT HE COULD NOT MAINTAIN NEUTRALITY AND AVOID AN ARMS BUILD-UP BECAUSE NO COUNTRY, INCLUDING THE US, WOULD BE PREPARED TO MOVE QUICKLY TO DEFEND BOLIVIA'S INTERESTS IN THE EVENT OF A CONFLICT.

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2. MY SOURCE SAID THAT IN HIS VIEW IT IS IN EVERYONE'S INTEREST, INCLUDING THAT OF THE US, TO TAKE STEPS TO AVOID BOLIVIA'S EXPENDING SUCH AN ENORMOUS AMOUNT FOR MILITARY EQUIPMENT. THE ONLY IDEA THAT HAS OCCURRED TO HIM IS THAT SINCE THE US HOLDS TO THE RIO TREATY AS VIRTUALLY ITS ONLY FOREIGN POLICY INSTRUMENT IN THE EVENT OF CONFLICT IN THE SOUTHERN CONE, THE US AT ITS

HIGHEST LEVEL, INCLUDING THE LEADERSHIP OF THE SENATE AND HOUSE INTERNATIONAL RELATIONS COMMITTEES, SHOULD PUBLICLY REAFFIRM US AGGRESSIVE SUPPORT FOR THE APPROPRIATE CLAUSES WHICH WOULD BEAR ON ANY ARMED CONFLICT IN THE HEMISPHERE.

3. SOURCE THEN WENT ON TO ASK HIMSELF THE BASIC QUESTION WHICH APPEARS TO BOTHER ALL BOLIVIANS: "WHY HAS PERU PURCHASED TANKS AND AIRCRAFT IN SUCH NUMBERS THAT THEY CANNOT POSSIBLY JUSTIFY THEM FOR LEGITIMATE DEFENSE PURPOSES? THE COROLLARY QUESTION WHICH HE ASKS AND WHICH IS SHARED BY SO MANY BOLIVIANS IS: "WHAT IS THE OBJECTIVE OF THE SOVIET UNION IN SUCH ACTIVE MILITARY SUPPORT FOR PERU IN THE SOUTHERN CONE?"

4. ACTION REQUESTED: IN THE DEPARTMENT'S DELIBERATIONS ABOUT NEXT STEPS FOR THE US IN THE SOUTHERN CONE REGION RELATED TO POSSIBLE ARMED CONFLICT, THE POINTS MADE BY THIS HIGH-LEVEL BOLIVIAN SOURCE SHOULD BE TAKEN INTO ACCOUNT. FURTHERMORE, IF IT IS TRUE THAT BOLIVIA IS ABOUT TO MOVE ALONG A PATH OF SPENDING DOLS 200 MILLION FOR ARMAMENTS, IT WOULD SEEM NECESSARY FOR THE US TO REACH AS PROMPTLY AS POSSIBLE DECISIONS ABOUT THE US ROLE IN THIS AREA OF THE HEMISPHERE.
STEDMAN

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